

Opening Statement of the Honorable Ed Whitfield

“The American Energy Initiative – Day 8”

Subcommittee on Energy and Power

May 23, 2011

*** As Prepared for Delivery ***

Today is the eighth day in our American Energy Initiative hearing. Over the past several weeks, we have examined many challenges and opportunities confronting America’s producers and consumers of energy.

Recent world events have demonstrated how sensitive the price of oil – and by extension the price of gasoline – is to political upheaval in countries thousands of miles from our shores. This was in fact another hearing topic in January of this year. Our economy is vulnerable to these price and supply shocks without increased production from safe and secure regions of the world.

Through our survey of energy issues the past few months, a common thread has emerged in the vast resource potential the North American continent holds. A great example of this is the Athabasca oil sands of northern Alberta, where up to 1.7 trillion barrels of oil in place are estimated to reside.

While conventional oil reserves have declined significantly over the past two decades, advancements in oil sands production technology have allowed Canada’s producers to steadily increase production to levels never thought possible.

The United States has greatly benefitted from this development. While the phrase “foreign oil” might sound pejorative to many, foreign oil from Canada is foreign oil we can gladly continue accepting. Our two countries share economic and national security interests. We enjoy a highly valuable trading relationship. And with political turmoil in the Middle East and North Africa sending oil markets into panic, we should be thankful a stable and friendly country with which we share a border is continuing to produce oil at higher and higher rates.

Current pipeline capacity will simply not allow for the projected increases in oil sands production. To help maximize this resource’s potential, TransCanada has

proposed building a massive extension of its Keystone pipeline system to bring 700,000 additional barrels of oil per day into American refineries. Once the Keystone XL expansion is completed, over 1.29 million barrels of North American oil will pass through the Keystone system every day.

According to the U.S. Department of Energy, this pipeline will “essentially eliminate” our Middle East oil imports. An independent analysis by the Perryman Group, a consulting firm in Texas, estimates upwards of 20,000 jobs will be created in the construction of the pipeline alone. Keystone XL should be one of the many obvious energy solutions that will decrease imports from dangerous parts of the world, lower the price of gasoline, and create jobs here in the U.S. But the Obama administration has made this solution increasingly difficult to achieve.

TransCanada first applied for the Presidential Permit required to construct its pipeline nearly three years ago. It has since endured a convoluted and extended process with the State Department that has provided little certainty for the future of this project. In a time of oil hovering at \$100 due to geopolitical unrest, high unemployment, and \$4 gasoline, a pipeline that can eliminate our Middle East imports and create tens of thousands of jobs should be a top priority for any administration. Unfortunately this has not been the case.

The essential nature of the Keystone XL pipeline cannot be more clear. In order to make sure the Obama administration sees it that way as well, a discussion draft circulated by my colleague from Nebraska, Lee Terry, is the topic of today’s hearing.

With that, I yield the balance of my time to Mr. Terry to further describe his legislation.